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TOP BANK HOLDING COMPANIES
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S&L Junk Binge Figures to Give U.S. Indigestion

By BILL ATKINSON

The thrift junk bond crisis is just about over. Now it's the government's junk bond crisis.

If Columbia Savings and Loan Association, teetering on the edge of conservatorship, is seized, as is widely expected, most of the junk bonds bought by thrifts will be in the hands of the government.

Of the $10.7 billion in junk bonds held by S&Ls, the insolvent Columbia has the largest stake, with $3.7 billion at the end of December 1989. If the thrift is taken over by the Office of Thrift Supervision, the caretaker for sick and dying institutions, its portfolio is likely to be added to the Resolution Trust Corp.'s growing war chest of junk bonds, which was assessed at $3.7 billion at yearend 1989, according to Kenneth H. Thomas, president of K.H. Thomas Associates, a Miami, Fla.-based bank and thrift consulting firm.

ANALYSIS: *Follow-up on the news*

"It is the government's problem now," said Henry Peltz, a savings and loan analyst with Keefe, Bruyette & Woods Inc.

While some thrifts debate whether to wait for a market rebound, most most are continuing to shrink their junk bond portfolios. At yearend, S&L junk bond holdings dropped to $10.7 billion from $13.5 billion in September, according to K.H. Thomas. Thrifts now hold a 5% stake in the $220 billion high-yield, high-risk market.

But many of the largest junk bond holders, such as CenTrust Bank of Miami, San Diego-based Imperial Savings Association, and City Federal Savings Bank of Elizabeth, N.J., are already in conservatorship. Of the 25 largest junk bond holders, 10 are in conservatorship or receivership.

Junk Market Battered

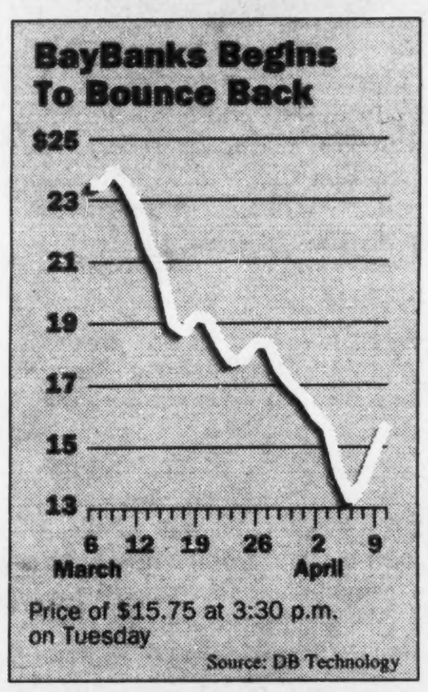
Once the heralded vehicle for funding hostile takeovers and capitalizing start-up companies, junk bonds have taken a beating in the marketplace. Defaults from large issuers like Campeau Corp., and the recent failure of Drexel Burnham Lambert Inc., the New York brokerage firm that pioneered with junk bonds, have given investors the jitters.

S&Ls have been forced under the Financial Institutions Reform, Recovery, and Enforcement Act, passed last summer by Congress, to divest themselves of junk bonds by 1994, and regulators are urging them

See **COLUMBIA** *page* **7**

INSIDE NEWS

FINANCE



SHARE PRICES of major banks posted gains for the second day in a row as investors gingerly moved back into stocks after last week's sell-off. Among the leaders of the rally was BayBanks Inc., Boston. *Page 32*

INTERNATIONAL

JOHN RINDLAUB, a merger and acquisition specialist, will lead Bank of America's Asia division starting in June. *Page 29*

CONSUMER

FIRST INTERSTATE Bank of California has obtained licenses for employees at 12 branches to sell fixed-rate annuities. *Page 6*

TECHNOLOGY

MELLON BANK has purchased the automated teller machine processing business of Ameritrust Co. for an undisclosed amount. *Page 3*

OTHER NEWS

COMMERCIAL BANKS are reducing their leveraged buyout and other merger-related lending after hitting a peak last summer, according to analysts and a new Fed survey. *Page 2*

COMMENT

THE TOUGH STANCE taken by examiners is clouding the earnings picture for banks, writes Thomas Romano. *Page 4*

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Thousands of PCs to Do Job Of Banc One's Mainframes

By RICHARD LAYNE

NEW YORK — In a radical departure from the traditional approach to data processing, Banc One Corp. has decided to diminish its reliance on mainframe computers while elevating personal computers to a primary processing role.

The plan, formally adopted this week by Banc One's data-processing subsidiary, is designed to save millions of dollars a year in operating costs, increase total computing power, and let users easily pull information from any data base in the holding company's multistate network, according to David Van Lear, president of BankOne Services Co.

David Van Lear Peggy Turbett
BankOne Services Co.

Mainframe Work Transferred

Banc One will continue to use the more expensive mainframe systems for data storage and large-scale transaction processing, but 50% to 90% of the work now handled by mainframes will be transferred to as many as 20,000 personal computers throughout Banc One and its subsidiaries.

"This is the wave of future," said Mr. Van Lear, the top-ranking technology executive at the $26.5 billion-asset holding company.

Linking personal computers in a high-powered network was studied by numerous corporations in the 1980s when personal computers became widespread, but only a handful of banks have set such interconnection as a goal. Units of Citicorp, BankAmerica Corp., and Mellon Bank Corp. are also in the vanguard.

Each has a slightly different approach, but all agree that this direction is essential to keep up with soaring demands for computing power. The approach is sometimes referred to as cooperative processing because of the way in which information is shared among networked computers.

The development is increasing the importance of networks in corporations' computer strat-

See **BANC ONE** *page* **3**

Court Backs Banks' Entry Into Stock Underwriting

By BARBARA A. REHM

WASHINGTON — The banking industry's power to underwrite corporate debt and equity securities withstood its first legal challenge Tuesday when a federal appeals court dismissed a suit filed by the securities industry.

The U.S. Court of Appeals for the District of Columbia let stand the Federal Reserve Board's January 1989 decision to let five banking companies underwrite corporate debt and equities through subsidiaries.

The case was the most recent in a series of suits the Securities Industry Association has filed – and lost – against the Fed, which gradually has been letting banking companies into the securities business since April 1987.

"We're delighted that the courts have once again sided with the banks on this critical issue," said Donald G. Oglivie, executive vice president of the American Bankers Association. "After at least eight related decisions in recent years, the courts show that the judicial tides are undoubtedly in favor of a more

See **APPEALS** *page* **21**

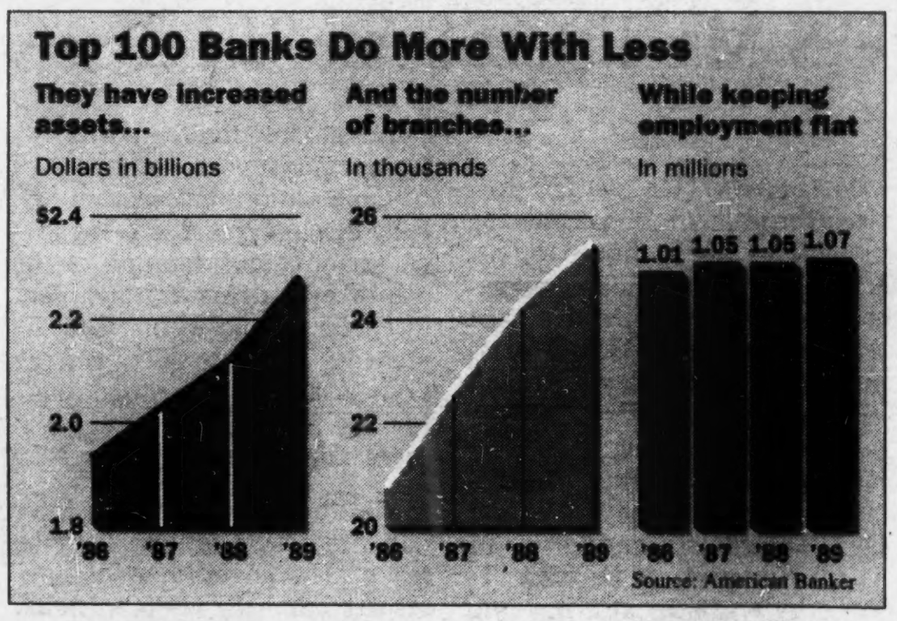
Head Count Kept Flat at Top Banks in '89

By KENNETH CLINE
and L. MICHAEL CACACE

Spurred by a decline in profits, the top U.S. bank holding companies focused last year on curtailing operating expenses by limiting the growth of their workforces.

An *American Banker* survey shows that the nation's 100 biggest bank companies did not significantly expand their workforce last year despite a sizable increase in assets and an expansion of branch networks. (Statistical tables about the top 100 companies begin on page 10.)

The survey finds that employment growth rose a modest 1.7%, while assets and domestic branch networks last year grew by 7.5% and 4.7%, respectively. Meanwhile, earnings of the top 100 banks declined 28.6%, to $13.3 billion.



Acquisition Skews Figures

However, much of last year's workforce increase was attributable to NCNB Corp.'s Texas acquisitions, which added more than 13,000 employees to the bank company's workforce. Excluding NCNB, employment at the top bank companies was virtually unchanged last year.

"The banks are seeing their profit gains will come much more from expense control than from revenue growth," said James M. Rosenberg, a securities analyst with Shearson Lehman Hutton in New York.

Analysts predicted that major banks would continue to limit their employment growth again this year.

"I don't think there is any question in our minds this is an area that will be a focus for banks throughout 1990," said Thomas J. Romano, a senior vice president with New York-based Thomson Bankwatch Inc., an *American Banker* affiliate.

Jobs Fell Slightly in 1988

Employment at the top 100 banks declined slightly in 1988, after rising 4% the preceding year.

At the end of 1989, the top companies carried 1,065,556 employees on their payrolls,

See **LIMITING** *page* **11**

COMMENT / By Thomas Romano

Examiners' Tough Stance Clouds Earnings Picture

For at least the last six months, we have had growing concerns about the prospects for domestic bank results for 1990. In large part, these concerns have focused on several areas perceived to be high-risk lending: namely, commercial real estate, highly leveraged transactions, and, for some, the ongoing LDC debt problem.

While the LDC problem has been resolved for all but a handful of banks, domestic loan quality issues (which have progressed much as predicted) have been complicated by a well-publicized change in the regulatory attitude toward bank examinations.

Fresh from their experience in the Southwest, examiners (particularly those from the Office of the Comptroller of the Currency) have clearly adopted more conservative and proactive policies with respect to the adequacy of reserves and the identification of problem credits. These stepped-up efforts have been most apparent in the examination of commercial real estate portfolios and particularly among banks operating in some of the more problematic areas of the country.

While the current problems in evidence in New England focus much of the attention on that region (with announcements by BayBanks and Shawmut), this phenomenon has by no means been limited to the Northeast. Recently completed examinations of Hibernia in New Orleans and Barnett Banks in Jacksonville, Fla., also resulted in meaningful but manageable actions to build reserves.

We fully anticipate more announcements of this nature as the "enhanced" examination process is more widely enforced.

Individual Rating Changes

From a rating standpoint, we believe that each of these announcements will be announced on a case-by-case basis, using our own assessment of the operating environment (i.e. real estate market) and how well an individual bank's portfolio will withstand the challenge presented by it. This will depend on the quality of a bank's underwriting qualities, loan mix, diversification, etc.

Undoubtedly, this process will yield some negative surprises and rating adjustments. However, upward revisions in the stated level of problem assets or required reserve levels will not necessarily prompt rating action, particularly if such revisions are viewed solely as a function of a "change in the rules."

One major concern we have is that a widespread and very conservative application of these policies could have a very real economic effect on the local markets, in which case the impact could prove self-fulfilling.

Impact in New England

Evidence of this is perhaps already evident in New England where Bank of New England, Bank of Boston, BayBanks, and, most recently, Shawmut, have gone through this exercise. As a result, these banks' lending efforts will likely become much more selective (for obvious reasons) and financing more difficult to secure.

We will continue to monitor these highly sensitive developments. From a rating standpoint, however, our actions will continue to be based on our perception of each company's fundamentals and ultimate risk. □

'Upward revisions in the stated level of problem assets or required reserve levels will not necessarily prompt rating action.'

Mr. Romano is a senior vice president of Thomson Bankwatch Inc.

GRAPEVINE / By Jed Horowitz

Golden Handcuffs. Chemical Banking Corp. last fall initiated a "golden handcuff" program for 31 key employees, according to the bank's proxy statement.

The provisions would kick in upon a change of control, defined in Securities and Exchange Commission filings as one party's accruing a 25% stake. Insiders say the plan is generous for two reasons: the large number of participants and the potential payouts.

For three years the beneficiaries would receive their annual base salaries, calculated as 12 times their highest monthly pay in the year before a change of control, and a bonus equivalent to the highest bonus of the last three years.

The employment contracts cover chairman Walter Shipley, vice chairmen Robert Callander and Richard Simmons, and 28 other employees who were not identified.

A Chemical spokeswoman said the plan mirrors that of other big banks and is meant "to retain and attract key people," not fend off raiders.

Some skeptical insiders said the handcuffs might backfire. They could be attractive enough to persuade top management to consider a takeover bid.

* * *

Guess Who's Hiring? The Bank of New England may have crushed the plans of more than 5,000 employees when it announced layoffs last week, but the company is planning to hire in one area. "Part of this program envisions increases in staff in the credit area," bank chairman Lawrence Fish said in detailing plans to shrink total staff by one-third.

The troubled bank has apparently learned a lesson from regulators about the importance of credit quality. Mr. Fish said in an earlier interview that the company must upgrade its loan approval, loan administration, loan review, and – inevitably – loan workout. "We are definitely going to need to spend resources in these areas," he said.

* * *

Sullivan's Stake. It's called putting your money where your mouth is. Despite First Chicago Corp.'s earnings travails, chairman Barry Sullivan has substantially increased his stake in the company.

According to the bank's proxy statement, Mr. Sullivan's beneficial ownership of First Chicago stock soared to 367,188 shares at yearend, for a value of approximately $11.4 million. At the end of 1988, Mr. Sullivan owned 285,038 shares.

Two weeks ago, the company said it expected first-quarter earnings to plunge about 50% from the year-earlier period, largely because of higher loan-loss provisions for real estate, increased nonperformers, and lower venture capital gains. First Chicago sources, however, say the final number is expected to be a bit better than projected.

* * *

An Obsolete Buy List. When Montgomery Securities analyst Richard Fredericks likes a stock, he'll move mountains – or at least top management – to make his point.

The bank analyst, who is a partner in the San Francisco securities firm, took public umbrage two weeks ago when Mongtomery's "emphasis list committee" removed Wells Fargo & Co. from its list of 35 recommended stocks.

Mr. Fredericks, who was out of town when Wells was pulled, quickly penned a report reiterating a strong buy recommendation – to distance himself from his firm's "internal action."

"I got the whole firm to drop its emphasis list," Mr. Fredericks said in an interview last week. That's a major move. The emphasis lists are important marketing vehicles for many securities firms.

* * *

Capital Confusion. Banks attempting to meet new risk-based capital requirements have proposed some complicated instruments that puzzle regulators.

Andrew Spindler, a senior vice president of the Federal Reserve Bank, says some banks are trying to get complex new financial instruments to qualify as Tier 1 capital. Such moves, he said, are delaying regulators' attempts to refine the new standards and may prove fruitless.

Tier 1 is supposed to be "permanent" capital, Mr. Spindler told bank analysts at a recent conference. "If there are a lot of bells and whistles, we begin to suspect impermanence."

Banks have been asked to reveal their risk-based capital positions in call reports this quarter. The data will remain confidential until the capital standards take effect at yearend.

* * *

A Break for Money-Centers. The Comptroller of the Currency sent a clear message to the banking community last week: Targeted exams of real estate portfolios will continue and expand nationwide. That means more writeoffs, more reserves, and more hits to earnings, analysts said.

Big New York banks, however, are likely to fare better than large regionals. With the exception of Chase Manhattan Bank and Citibank, the Gotham giants are not national banks and can evade the Comptroller's oversight. (Other bank regulators have not shown the teeth exhibited by the Comptroller's examiners, and analysts said they are unlikely to do so for some time.)

The big banks also benefit from in-house regulatory staffs that keep them abreast of regulatory concerns. The regionals have few, if any, in-house overseers. "What could prove to be the differentiating factor," said one analyst, "is that large bank companies tend to be under continuous scrutiny."

* * *

Rocky Mountain Property. Donald K. Hogoboom wants to retire, so he's put his Citizens Bank of Westminster, Colo., on the block.

The institution is 10 minutes from downtown Denver, an admittedly competitive bank market. But it earned $448 million of pretax income last year, won a fairly high regulatory rating (Camel 2), and showed some decent ratios, a 1.3% pretax return on assets and 15.5% return on equity.

Niederhoffer and Niederhoffer is shopping the company. Mr. Hogoboom said he hired the New York investment banker after seeing some of its tombstone advertisements in newspapers.

Niederhoffer said it has received 50 calls about the bank since early March. A Niederhoffer official said he has heard from small and midsize banks and individuals in California, Colorado, Florida, and New York.

Colorado does not yet permit branch banking, but Mr. Hogoboom says bankers are lobbying hard for it. The state's interstate banking law takes effect next year.

Mr. Hogoboom said Colorado banks are unlikely to pay the price he wants, but he refused to reveal the asking price. □

Reader Forum

The *American Banker* welcomes points of view on issues of interest and importance to the banking industry.

Please direct them to Jeffrey Kutler, assistant managing editor, American Banker, One State Street Plaza, New York, N.Y. 10004, and please include a daytime telephone number. Letters may be edited for space for a Letters to the Editor column or published separately as commentary.

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BANK HOLDING COMPANIES

Top 100 U.S. Bank Holding Companies

Ranked by Assets Dec. 31, 1989, Compared with December 31, 1988

Rank 12/31/89	Bank Holding Company / Largest Controlled Bank in Deposits	Total Assets 12/31/89	Total Assets 12/31/88	Rank 12/31/88	Gain	Total Deposits 12/31/89	Total Deposits 12/31/88	Controlled Banks	Controlled Branches
1	**Citicorp, New York** Citibank NA, New York	230,643,000,000	207,666,000,000	1		137,922,000,000	124,072,000,000	10	332
2	**Chase Manhattan Corp., New York** Chase Manhattan Bank NA, New York	107,369,000,000	97,455,090,000	2		69,073,000,000	64,056,693,000	7	470
3	**BankAmerica Corp., San Francisco** Bank of America NT&SA, San Francisco	98,764,000,000	94,647,000,000	3		81,186,000,000	77,150,000,000	3	1,046
4	**J.P. Morgan & Co., Inc., New York** Morgan Guaranty Trust Co., New York	88,963,715,000	83,923,000,000	4		39,157,622,000	42,300,000,000	2	4
5	**Security Pacific Corp., Los Angeles** Security Pacific National Bank, Los Angeles	83,943,000,000	77,870,000,000	5		52,630,000,000	47,653,000,000	6	965
6	**Chemical Banking Corp., New York** Chemical Bank, New York	71,513,000,000	67,349,000,000	6		50,151,000,000	47,966,000,000	3	357
7	**NCNB Corp., Charlotte, N.C.** NCNB Texas National Bank, Dallas	66,190,763,000	29,848,389,000	18	+11	48,576,345,000	20,670,145,000	7	888
8	**Manufacturers Hanover Corp., New York** Manufacturers Hanover Trust Co., New York	60,479,000,000	66,710,000,000	7		41,994,000,000	41,714,000,000	2	221
9	**First Interstate Bancorp., Los Angeles** First Interstate Bank of California, Los Angeles	59,051,407,000	58,193,875,000	8		46,467,700,000	44,148,744,000	27	1,041
10	**Bankers Trust New York Corp.** Bankers Trust Co., New York	55,658,446,000	57,942,341,000	9		26,220,122,000	32,490,652,000	2	3
11	**Bank of New York Co., Inc.** Bank of New York	48,856,471,000	47,388,101,000	10		34,927,125,000	32,706,363,000	2	250
12	**Wells Fargo & Co., San Francisco** Wells Fargo Bank NA, San Francisco	48,736,600,000	46,616,500,000	11		36,430,300,000	35,068,800,000	1	455
13	**First Chicago Corp.** First National Bank, Chicago	47,907,000,000	44,431,622,000	12		32,935,000,000	32,017,688,000	21	0
14	**PNC Financial Corp, Pittsburgh** Pittsburgh National Bank	45,660,744,000	40,811,114,000	13		30,120,168,000	27,453,400,000	10	529
15	**Bank of Boston Corp.** First National Bank, Boston	39,177,911,000	36,060,606,000	14		28,697,359,000	23,590,628,000	5	254
16	**Fleet/Norstar Financial Group, Inc., Providence, R.I.** Fleet National Bank, Providence, R.I.	33,440,789,000	29,052,205,000	21	+5	21,676,631,000	20,701,183,000	8	606
17	**First Union Corp., Charlotte, N.C. (a)** First Union National Bank, Charlotte	32,130,558,000	28,977,609,000	22	+5	21,498,325,000	20,033,329,000	5	663
18	**Mellon Bank Corp., Pittsburgh** Mellon Bank NA, Pittsburgh	31,467,000,000	31,153,000,000	16		21,344,000,000	21,325,000,000	7	334
19	**SunTrust Banks, Inc., Atlanta** Trust Company Bank, Atlanta	31,043,627,000	29,177,124,000	20	+1	24,961,500,000	23,944,490,000	53	617
20	**First Fidelity Bancorporation, Lawrenceville, N.J.** First Fidelity Bank NA, Newark	30,727,815,000	29,776,982,000	19		22,872,460,000	21,562,439,000	11	489
21	**Bank of New England Corp., Boston** Bank of New England NA, Boston	29,772,719,000	32,200,427,000	15		25,529,579,000	24,622,869,000	8	444
22	**Continental Bank Corp., Chicago** Continental Bank NA, Chicago	29,549,000,000	30,578,000,000	17		17,176,000,000	16,967,000,000	1	0
23	**Barnett Banks, Inc., Jacksonville, Fla.** Barnett Bank of South Florida NA, Miami	29,006,690,000	25,748,422,000	25	+2	25,055,898,000	22,482,201,000	35	563
24	**Shawmut National Corp., Hartford, Conn.** Connecticut National Bank, Hartford	27,855,000,000	28,413,805,000	23		18,765,470,000	18,987,564,000	12	389
25	**Marine Midland Banks, Inc., Buffalo, N.Y.** Marine Midland Bank NA, Buffalo	27,066,546,000	25,964,103,000	24		18,325,592,000	17,430,832,000	2	317
26	**Banc One Corp., Columbus, Ohio** Bank One Columbus NA	26,552,237,000	25,277,654,000	26		20,952,205,000	19,501,756,000	51	563
27	**NBD Bancorp., Inc., Detroit** National Bank of Detroit	25,771,284,000	24,176,190,000	29	+2	19,806,098,000	19,494,786,000	30	358
28	**Republic New York Corp.** Republic National Bank, New York	25,466,993,000	24,519,017,000	27		16,524,802,000	16,346,275,000	2	42
29	**Sovran Financial Corp., Norfolk, Va.** Sovran Bank NA, Richmond	25,442,264,000	22,483,786,000	30	+1	18,693,546,000	17,493,055,000	13	494
30	**Norwest Corp., Minneapolis** Norwest Bank Minneapolis NA	24,334,700,000	21,750,400,000	32	+2	15,206,100,000	13,901,800,000	37	170
31	**First Wachovia Corp., Winston-Salem, N.C.** Wachovia Bank & Trust Co. NA, Winston-Salem	24,049,523,000	21,815,224,000	31		17,386,636,000	16,492,027,000	3	351
32	**Midlantic Corp., Edison, N.J.** Midlantic National Bank, Newark	23,665,536,000	19,697,403,000	35	+3	18,685,627,000	15,793,139,000	13	482
33	**Citizens & Southern Corp., Atlanta** Citizens & Southern National Bank, Atlanta	23,312,787,000	21,097,528,000	34	+1	18,109,650,000	16,081,990,000	3	504
34	**National City Corp., Cleveland** National City Bank, Cleveland	22,971,688,000	21,623,379,000	33		17,264,265,000	16,906,320,000	17	427
35	**National Westminster Bancorp, Inc., New York** National Westminster Bank USA, New York	21,772,979,000	19,013,398,000	36	+1	18,014,680,000	15,653,480,000	3	265
36	**First Bank System, Inc., Minneapolis** First Bank NA, Minneapolis	20,820,243,000	24,247,706,000	28		15,753,107,000	17,204,241,000	40	72
37	**MNC Financial, Inc., Baltimore (b)** Maryland National Bank, Baltimore	20,316,349,000	18,015,220,000	38	+1	12,575,117,000	12,309,241,000	3	178
38	**U.S. Bancorp., Portland, Ore.** United States National Bank of Oregon, Portland	16,975,400,000	14,383,402,000	43	+5	11,432,200,000	10,167,730,000	2	329
39	**CoreStates Financial Corp., Philadelphia (c)** Philadelphia National Bank	16,848,649,000	16,430,853,000	39		11,440,636,000	11,115,235,000	4	201
40	**Southeast Banking Corp., Miami** Southeast Bank NA, Miami	16,525,300,000	15,623,000,000	40		12,759,800,000	11,505,000,000	2	230
41	**KeyCorp, Albany, N.Y.** Key Bank NA, Albany	15,461,365,000	14,645,692,000	42	+1	12,453,050,000	11,580,576,000	16	568
42	**Boatmen's Bancshares, Inc., St. Louis, Mo.** Boatmen's National Bank, St. Louis	14,542,400,000	14,675,758,000	41		10,851,284,000	11,223,788,000	34	212
43	**First City Bancorporation of Texas, Inc., Houston** First City National Bank, Houston	14,080,966,000	12,195,486,000	44	+1	10,818,730,000	9,842,923,000	21	68
44	**First of America Bank Corp., Kalamazoo, Mich.** First of America Bank-Southeast Michigan, Kalamazoo	12,792,682,000	9,769,359,000	56	+12	11,366,352,000	8,675,379,000	42	415
45	**Signet Banking Corp., Richmond** Signet Bank/Virginia, Richmond	12,476,092,000	11,001,598,000	49	+4	7,595,060,000	7,545,933,000	3	239
46	**Harris Bankcorp, Inc., Chicago** Harris Trust & Savings Bank, Chicago	12,374,355,000	11,276,000,000	47	+1	8,960,304,000	8,349,000,000	12	0
47	**UJB Financial Corp., Princeton, N.J.** UJB/Hackensack	12,172,290,000	10,887,871,000	50	+3	9,336,000,000	8,893,771,000	10	254
48	**Comerica, Inc., Detroit** Comerica Bank-Detroit	12,149,495,000	11,145,452,000	48		9,882,692,000	9,249,809,000	10	216
49	**Meridian Bancorp., Inc., Reading, Pa.** Meridian Bank, Reading	11,925,145,000	9,522,981,000	57	+8	9,601,788,000	7,125,409,000	3	219
50	**Huntington Bancshares, Inc., Columbus, Ohio** Huntington National Bank, Columbus	11,679,762,000	9,506,004,000	58	+8	8,589,591,000	7,106,663,000	12	247

Sources of Data: American Banker questionnaire, and banks' yearend earnings releases. **Assets** and **Deposits** include all consolidated subsidiaries, both domestic and foreign. Data for 1988 are as reported in 1989 and have not been restated for acquisitions, mergers, or changes in accounting principals. **Banks Controlled:** includes only domestic commercial banks controlled, according to definitions of Bank Holding Co. Act. **Branches Controlled** are domestic commercial bank branches only. **(a)**— On Jan. 29 First Union Corp. acquired Florida National Banks of Florida. Had merger taken place on Dec. 31, First Union would rank 15th with $40 billion in assets. **(b)**— On Jan. 18, MNC acquired Equitable Bancorp. Had the merger taken place on Dec. 31, MNC would have ranked 28th with assets of $25.5 billion. **(c)**— On March 5, CoreStates acquired First Pennsylvania Corp. Had the merger taken place on Dec. 31, CoreStates would have ranked 34th with $23.5 billion in assets.

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Limiting Workforce Was '89 Goal

Top 100 Bank Holding Companies

Dollar amounts in billions

	Dec. 31, 1989	Dec. 31, 1988	% Chg.
Total assets[1]	$2,283	$2,124	+ 7.5%
Total deposits[1]	$1,602	$1,496	+ 7.1
Number of employees[1]	1,065,556	1,048,096	+ 1.7
Domestic banks controlled[1]	1,086	1,182	- 8.1
Domestic bank branches[1]	25,533	24,380	+4.7
Primary capital[2]	$187.9	$175.2	+ 7.2
Ratio of primary capital to total assets[2]	8.25%	8.25%	
Total capital[2]	$225.2	$212.7	+ 5.9
Ratio of total capital to total assets[2]	9.89%	10.01%	
Net income – Top 100 earners[3]	$13.293	$18.611	-28.6

The 1988 data are for the top 100 firms for that year. (1)— Data are for the top 100 bank holding companies in assets. (2)— Data are for the top 100 bank holding companies in primary capital. (3)— Data are for the top 100 earners among banks and holding companies.

Largest 1989 Losses in Banking

	1989 Loss	1988 Income (Loss)
1. J.P. Morgan & Co., Inc., New York	(1,275,018,000)	1,001,800,000
2. Bank of New England Corp., Boston	(1,113,277,000)	281,654,000
3. Bankers Trust New York Corp.	(979,893,000)	647,733,000
4. Chase Manhattan Corp., New York	(665,000,000)	1,058,874,000
5. Manufacturers Hanover Corp., New York	(588,000,000)	752,000,000
6. Chemical Banking Corp., New York	(482,200,000)	753,600,000
7. First Pennsylvania Corp., Philadelphia	(164,225,000)	58,166,000
8. First Interstate Bancorp., Los Angeles	(151,914,000)	102,396,000
9. Valley National Corp., Phoenix	(149,227,000)	62,331,000
10. National Bancshares Corp. of Texas, San Antonio	(143,905,000)	(189,076,000)
11. National Westminster Bancorp, Inc., New York	(139,542,000)	97,899,000
12. Florida National Banks of Florida, Inc., Jacksonville	(131,852,000)	34,906,000
13. Shawmut National Corp., Hartford, Conn.	(128,900,000)	242,540,000
14. One Bancorp., Portland, Maine	(123,649,000)	533,,000
15. Premier Bancorp Inc., Baton Rouge, La.	(105,641,000)	(49,702,000)
16. Trustcorp, Inc., Toledo, Ohio	(104,096,000)	24,944,000
17. Citytrust Bancorp., Inc., Bridgeport, Conn.	(84,771,000)	23,638,000
18. Whitney Holding Corp., New Orleans	(59,967,000)	25,784,000
19. Amoskeag Bank Shares, Inc., Manchester, N.H.	(50,651,000)	14,047,000
20. BancOklahoma Corp., Tulsa	(45,703,000)	(74,207,000)

( )— Indicates a loss. Compiled by American Banker, Copyright 1990.

Continued from *page* **1**

compared with 1,048,096 at the end of 1988.

"In this environment, where you've got asset quality pressures and lack of revenue momentum, the only place where you can really have direct (bottom line) impact is on operating expenses," said a Keefe, Bruyette & Woods Inc. analyst, James McDermott in New York.

The 7.5% growth in assets last year by the top bank companies was an improvement over the 4.8% growth rate achieved last year and the 1987 growth of 5%. Four of the top five gainers in 1989 were in the Southeast, reflecting the continuing strength of that region's economy as well as some major acquisitions announced last year.

Surge from Acquisition

NCNB, for example, raised its assets to $66.2 billion from $29.8 billion in 1988 by incorporating into its holding company all of FirstRepublic Bancorp, the insolvent Texas bank it acquired from federal regulators in 1988.

First Union Corp., based in Charlotte, N.C., now has $32.1 billion in assets and jumped from 22nd to 17th place in the *American Banker* rankings; had the 1989 numbers reflected its acquisition of Florida National Banks of Florida Inc., consummated in January, First Union would be the nation's 15th-largest bank.

Also increasing in asset size were Barnett Banks Inc., Jacksonville, from 25th to 23rd place, and SunTrust Banks Inc., Atlanta, from 20th to 19th place.

Outside the Southeast, Providence R.I.-based Fleet/Norstar Financial Group Inc. increased its assets by 15%, to $33.4 million, rising in the rankings to 16th place from 21st place.

Branch expansion at the top holding companies, meanwhile, slowed in 1989 to 5%, from 7.5% in 1988 and 9.4% in 1987. At the end of 1989, the largest banks operated 25,607 branches, compared with 24,380 at the end of 1988.

Securities analysts said the slower rate of branch expansion reflected the consolidation in the industry following the wave of acquistions in the past few years.

Some other survey findings:

• Total assets of the top 100 bank holding companies was $2.28 trillion on Dec. 31, 1989, up from $2.12 trillion a year earlier.

See **TOP 100** *page* **19**

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